Audit's® NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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PORTFOLIO ADVISORY: RELATIVE APPEAL RANKINGS UP FOR 11 TRUSTS WHILE TWO FALL

This month's RELATIVE APPEAL RANKINGS upgrade 11 trusts while only two fall, again reflecting our view that cyclical real estate improvement is outweighing the adverse impact of rising short-term interest rates. For many trusts, earnings improvements from cutting back their nonearning investments continue to offset higher interest costs. Moreover, the short-term interest rise seems to be pausing right now and there's some substantial opinion that most of the rise may be over. Translated into portfolio action, this may mean that there's little reason to sell at current prices to escape the interest rate swing.

Prices of many dividend paying trusts have already fallen back 10%-15% from their peaks early this year to reflect the higher interest rates. If interest rates are near a peak, then this is certainly no time to be selling, as outlined last issue. The full impact of interest rates on earnings (or losses) is only now surfacing and there may be some further disappointments ahead near-term as quarters ending Sept. and Oct. are reported; rates were sharply higher in those quarters than ones immediately before. Higher rates impact trusts in two ways: they raise operating costs and they raise the interest rate used in computing the holding cost portion of the loss reserve. Higher rates were behind Fidelco Growth's wider Aug. quarter loss, for instance, and this is being repeated in many other trust quarterlies. Higher rates could cost Realty ReFund 2¢-3¢/sh. in the Oct. quarter, for instance. But we think the market has already discounted most of these earnings dips and expect prices to be firmer ahead.

Five trusts upgraded this issue are dividend payers that appear to have weathered the real estate recession intact. Connecticut General Mtg.&Rlty. moves up to our No. 1 ranking by virtue of its expanding equity holdings and sharp cutbacks in short-term construction and development loans, all adding to sharp gains in earnings and net cash flow, as computed by Audit, in the June and Sept. quarters. At some point soon we'd expect trustees to move up the 40¢ quarterly dividend.

Four trusts are moved to No. 2, above average attractiveness. Baird & Warner

KEEPING CURRENT WITH AUDIT'S EXPANDED SERVICES

REIT EVALUATIONS has recent comprehensive two-page reviews of 12 trusts:

NJB Prime Inv.	*Riviere Realty*	*U.S. Bancorp R&M*	*Virginia REIT*
Plaza Realty	*Security Mtg.*	*U.S. Realty Inv.*	*Walter Realty Inv.*
Property Tr. Amer.	*Sutro Mtg. Inv.*		
Realty ReFund Tr.	*UMET Trust*		

Price: $15 for each, $18 for the group of 12

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GROUP RATES ON REQUEST

Mtg. cut its dividend sharply, as we have been cautioning, and prices fell accordingly. Now shares are down to an attractive level of about 64% below book value and we've jumped them from No. 4, below average, to No. 2. Baird's policy of paying taxable income from its last fiscal year (ending July) in the current year tends to obscure the fundamental improvements taking place inside the trust. Investors Realty moves from 3N to No. 2 also, reflecting resumption of dividends with a 12½¢ payout Jan. 1, 1978. An accounting change magnified the Aug. quarter loss but underlying cash flow remains good. Shares jumped 1 to 7-5/8 on the dividend resumption but still have value. IRT is the sixth trust to resume quarterlies this year (others: Gould Inv., Henry S. Miller Rlty., San Francisco RE, Sutro Mtg. Inv., and Virginia REIT). Fraser Mtg. and Property Trust of America are also raised from No. 3 to No. 2 based on continuing fundamental improvement. Fraser continues to jettison its few nonearning investments and Property Trust has sold a major Houston parcel for its cost while boosting the dividend to 6¢/sh.

Among non-dividend payers, UMET Trust and U.S. Realty move to No. 2N, above average, because of continuing success in disposing of problem investments. UMET's credit agreement gives the trust a shot at winning forgiveness of interest in the next 1½-2 years that could bolster shareholders' equity. U.S. Realty also is making continued workout progress and cash flow above 5½% would provide a kick to earnings. KMC Mtg. and First Virginia Mtg. & REIT go to No. 3N, average, because internal changes give them some speculative recovery merit now. Both were sponsored by bank holding companies but First Virginia has now separated from the bank; its officers appear determined to shed enough assets to repay banks by Dec. 31, 1979. There's still high risk in the shares and favorable disposition prices will be needed to restore some book value. We get the same vibrations of a more aggressive recovery effort at KMC Mtg., although little has been made official yet. LMI Investors is moved from No. 5N to No. 4N, still below average but reflecting improvement in holdings and settlement of a long-standing legal dispute on a Laredo, Tex. shopping center.

Moving down from No. 1 to No. 2 are institutional trusts MassMutual Mtg. and Northwestern Mutual Life Mtg. MassMutual has held up well in recent weeks and has little exposure to interest rate swings; shares still have above-average potential but are not overwhelming buys. NW Mutual is not recovering as quickly as expected and half the Sept. quarter earnings of 30¢/sh. came from capital gains. Shares have been touching new lows and until there's some evidence of a turn in operating results, best to be cautious for a while.

THOSE NEW DIVIDEND YIELDS IN STOCK TABLES SHOULD BE READ CAREFULLY

This week The Wall Street Journal and other financial news media began printing a dividend yield alongside the trading volume, price and price/earnings ratio information in their daily stock tables. Good, say we, because they focus more attention upon the handsome yields which attract investors to dividend-paying REITs.

But you should check the footnotes to the Journal's tables carefully before using these yields as a guide to investment decision. The new tables divide REITs into two groups: 1) Those posting a fixed annual rate as do corporations, and 2) Those paying variable dividends based on earnings in the last quarter. Dividend rates in the first group agree with those used in REALTY TRUST REVIEW but for the second group, we annualize the latest quarter payout (i.e., multiply by 4) while the Journal uses dividends declared or paid in the latest 12 months, spotlighted by the symbol "e" in its tables. The difference is large for trusts with big recent increases, such as Sutro Mtg., Gould Inv., and PNB Mtg. Listed trusts where RTR figures should be checked are: NYSE: Gen. Growth, Lomas & Net. Mtg., MassMutual, MONY Mtg., NW Mut. Life, PNB Mtg., Sutro Mtg., Wells Fargo Mtg. ASE: Gould Inv., Hospital Mtg., Hotel Inv., Mtg. Growth, Property Capital Tr., Realty ReFund, and United Realty. The new tables regard all other dividend paying listed trusts as paying posted annual rates.

RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of relative attractiveness of current share purchases. All Trusts are ranked from 1 to 5 based upon dividend and capital preservation outlook. Non-dividend paying trusts are designated with an "N" beside their ranking. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative Appeal Rankings mean:

1--Highest appeal with lowest market risk; Dividend outlook stable to up, or may be resumed shortly.
2--Above average appeal, somewhat higher market risk; Dividend may vary quarterly or be resumed in 1-2 years.
3--Average appeal and market risk; Dividend fluctuates or resumptions possible longer term.
4--Below average appeal, high market risk; Dividend cuts or omissions possible.
5--Least appeal; Dividends in peril or not foreseen; Serious problems: SEC trading halt; no auditor's opinion; serious debt defaults; Chapter XI; negative equity; banks calling loans.

NON-DIVIDEND paying trusts are not recommended for income investors, but may have special trading appeal as speculations upon quick price moves based on dividend resumption, trust recovery, money market rates or other news.

Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.

Financing shows: leverage ratio of all debt to shareholder equity (over 20-to-1 ratio shown as "high leverage"); current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. Data, rankings and advice reviewed bimonthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

3N-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: $123M, 33% non- & 33% low earn; 63% foreclosed; Mix: 14% condos, 18% land, 33% office, 17% hotel, 13% apts. Financing: 6.2 leverage: $78M credit at 5% minimum int., ending 10/1/78, + contingent int. for 10 yrs.; Swapped $18M loans. Results: Sep. Q d19¢ v. d18¢ after 6¢ loss prov. Bonds: Speculative yield. Shares: Trading

4N-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) NON-QUAL TRUST. Port.: $81M, 94% nonearning & reduced rate; 67% foreclosed; Mix: 33% condos, 33% land & devel., 18% shop. ctrs. Financing: Neg. equity; $51M credit to 11/30/77 at 2% inter. with contingent interest. Results: July Q EPS d66¢ v. d74¢ after 1¢ loss prov. No auditor's opinion '77. Shares: Trading; ASE delisting possible.

4N-AMER REALTY (8/12/4-Eq&Mtg-Sep FY) NON-QUAL TRUST. Port.: $42M, 45% nonearning: Mix: 16% mtgs, 72% equity, 12% foreclosed; 40% hotels/motels, 29% land. Wash., D.C. area. Financing: 5.2 leverage: $15.5M notes secured by assets; nego. restructuring bank debt; bank sued for repayment; no 1976 auditor's opinion. Results: June Q EPS d9¢ v. d19¢. Bonds & shares: Trading; ASE suspended

4N-API TRUST (No review-Equity-Mar FY) Port.: $51M, 10% nonearning; 72% in 26 shopping centers, most net leased, & 28% in mtgs. Financing: 4.9 leverage; 50% by mortgages on property, 50% short-term loans. Results: June Q EPS 3¢ v. d$3.70 after $3.54 loss prov.; June Div. omitted v. 10¢. Shares: Group bought 97,000 shares; avoid for now.

4N-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-QUAL TRUST. Port.: $136M, 69% non- & 25% low-earn, 70% foreclosed; Mix: 59% condos, 17% land & dev., 24% apts.; 90% Fla. Financing: 6.1 leverage; Renegotiating $72M credit at 1½% cash inter., expired 3/77. Results: July Q EPS d63¢ after 15¢ gain v. d34¢ after 19¢ gain. Bonds: Aug. 15 interest not paid; trade flat. Shares: Trading, play on Fla. recovery

3N-ATLANTA NATL (4/8/7-LT mtg.-Aug FY) NON-QUAL TRUST. Port.: $33M, 69% nonearn; 42% foreclosed. Mix: 16% medical, 28% condo, 24% apts.; 27% GA; 21% FL; 21% TX. Financing: 1.1 leverage; $13.6M credit to 1/78 at 132% prime, assets pledged; Missed part of recent principal payments; Seeking debt extension. Results: Aug. Q EPS d41¢ v. d50¢ after 36¢ loss prov. Shares: Speculation on condo recovery

↑2 -BAIRD & WARNER(2/11/7-ST mtg.-July FY) Port.: $40M, 29% nonearn; 5% foreclosed; 32% indust., 17% condos, 15% apts. New commitments. Financing: 1.2 leverage; Bank lines $32M ($7M borrowed). Dividends: Declared four 3½¢ qtrly. from FY'77 income v. 24¢. Results: July Q EPS 28¢ after 33¢ gain v. d6¢ after 5¢ gain. July FY EPS 14¢. Converts: Speculative yield. Shares: L/T recovery

2 -BANKAMERICA RLTY(4/8/7-Eq.&Mtg.-July FY) Port.: $214M, 25% nonearning; Mix: 49% equity: 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Making new commitments. Financing: 3.0 leverage; $60M comm. paper, $28M bank notes, $28M secured mtgs. Results: July Q EPS 17¢ after 8¢ loss prov. v. 12¢ after 2¢ gain; $1.40/sh cap. gain Oct. Q. Div. 15¢ v. 13¢. Converts: For yield. Shares: Buy for recovery

3N-BARNES MTG (12/9/4-ST mtg.-Sep FY) NON-QUAL TRUST. Port.: $93M, 78% nonearn; 43% foreclosed; Mix: 50% condo, 12% land; 29% Puerto Rico, 48% Fla. Financing: 2.8 leverage; $65M bank lines at 125% of prime, expired 7/31/76; Negotiating new credit. Results: June Q EPS d30¢ after 18¢ gains v. d25¢ after 18¢ gain. Shares: Speculative, very long-term recovery

5N-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL TRUST. Self-adm. 4/78. Port.: $145M, 94% non&low earn; 74% foreclosed. Mix: 23% condos, 26% apts., 22% land. Financing: $19M neg. equity; $83M credit at 1%; Condit. agree.: 53% asset pledge, forgive 50% contin. int., permit sub. debt restruct. Results: Sep. Q EPS d$1.93 after $1.14 loss prov. v. d66¢. Bonds: In default 9/76; Restructure spec. Shares: Avoid.

4N-BARNETT-WINSTON(8/12/4-Inter. mtg.-Sep FY) NON-QUAL TRUST. Port.: $89M, 85% non&low earn, 69% foreclosed; Mix: 38% apts., 31% land & dev. Financing: $2.3M neg. equity; credit exp. but paid down to $16M via swaps; deben int. default 12/76 & 13% seek acceleration. Results: June Q EPS d$1.06 after 51¢ loss prov. v. d55¢; $2.20/sh swap & cap. gains seen in Sept. Q. Bonds: In default; Restructure/control speculation. Shares: Avoid

2N-BAY COLONY PROP(8/12/7-Subor. land-May FY) NON-QUAL TRUST. FY'78. Self-admin. Port.: $209M, 64% non- & low earning; 48% foreclosed; 26% undev. land, 74% completed props.; 18% office, 26% apts. Financing: 7.8 leverage; $95M bank debt at 5% + cont. int. Results: Aug. Q EPS d1¢ after 36¢ gain & 10¢ loss prov. credit v. d36¢. Selling some major problems. Bonds: Risky yield. Shares: Trading/recovery.

3N-BENEF STD MTG(12/9/4-ST mtg.-July FY) NON-QUAL TRUST. Port.: $62M, 76% nonearn; 51% foreclosed; Mix: 30% land & devel., 19% condos, 12% motels. Financing: High leverage; $35.1M revolver to 12/78 at 125% prime, with possible 4% foregiveness. Results: Apr. Q EPS d50¢ after 39¢ loss prov. v. d18¢ after 25¢ loss prov. Converts: Speculative yield. Shares: Trading

4N-BRT REALTY TR(12/10/3-Eq&Mtg-Nov FY) Port.: $26M, 64% non- & 7% low earn; 39% foreclosed; Mix: 42% hotel/motel, 18% condos, 16% land & devel. Financing: 3.3 leverage; $13.2M at 125% of prime to 10/17/77. Results: Aug. Q EPS d45¢ after 14¢ loss prov. v. d$1.47. Shares: Long recovery

2N-BT MTG INVESTORS (8/12/7-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: $150M, 69% nonearning, 32% foreclosed; Mix: 31% apts., 14% land, 10% nursing homes. Financing: $5M neg. equity; $112M credit to 10/30/77 at 4% + contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: June Q EPS d26¢ v. d21¢. Bonds: Speculative yield. Shares: Speculation on sponsor aid.

5N-BUILDERS INV(6/10/4-ST mtg.-Sep FY) NON-QUAL TRUST. Self-admin. Port.: $309M, 91% nonearn; 57% foreclosed; 30% condos, 22% land & devel. Financing: $9M neg. equity; $268M debt restructured at 1% inter. to 9/77, 2% to 9/79, higher after, with asset pledge & contingent inter. Swapped assets. Results: June Q EPS 69¢ after $2.93 gain v. d$4.38 after 54¢ extraordinary loss. Shares: Avoid

3N-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL TRUST. Port.: $141M, 84% nonearn & low-earn; 71% foreclosed; 35% apts., 25% land & develop., 13% condos. Financing: 7.0 leverage; $96M credit at 3% min. int. to 12/31/78 plus accrual to 125% of prime payable in certificates. Results: June Q EPS d59¢ v. d62¢. Shares: Trading or long term speculation; Insider buying.

3N-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) NON-QUAL TRUST. Port.: $77M, 57% nonearn, 38% foreclosed; Mix: 41% land, 9% condos; 55% MD & VA. Developing land. Financing: High leverage; $80M credit at 1% to 7/31/78 & 3% to 7/31/79 + conting. int. to prime. 200T con. pref. shares issued as payment for $6.8M conting. int. Results: Sep. Q EPS d$1.78 v. 40¢ after 35¢ gain. Converts: Spec. yield. Shares: Trading/ recovery

RELATIVE APPEAL RANKINGS - Continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

2N-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: $30M, 42% non- & 10% low earn; 33% foreclosed; 31% land, 31% apts., 20% comcl. & indust. Financing: 1.9 leverage; $20½M credit with banks, at 117% of prime; Nego. for new borrowing. Results: June Q EPS d39¢ after 26¢ legal & 22¢ loss prov. v. d36¢ after 42¢ loss prov. Shares: Buy/hold for long-term recovery & potential benefits of new investments.

4N-CHASE MANHATTAN MTG(3/12/6-ST mtg.-May FY) NON-QUAL TRUST. Port.: Approx. $419M, 96% nonearn; 38% foreclosed. Reorg. as realty owner-operator, may sell Palmas del Mar resort, Puerto Rico. Financing: $0.6M neg. equity; bank debt now $167M; Agreed on $175M bank loan to 12/31/81 at 6% inter. Results: Aug. Q EPS 39¢ after $1.62 gain v. $11.42 after $13.43 gain & $1.45 loss prov. Bonds: Hold; Exchanged $19.5M new 11-5/8% convt. debs. for $32.05M old sub. debt. Shares: Very speculative trading, large potential dilution.

4N-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL TRUST. Port.: $293M, 91% nonearn., 56% foreclosed; Mix: 45% apts., 15% office, 14% land, 13% condos. Financing: $5M neg. equity; $235M credit at 2% cash interest (but accrued at 3 3/4%), increasing to 6% at maturity 6/30/80; June 30 prin. repayment missed & negotiating; all assets pledged. Results: July Q EPS d39¢ after 5¢ loss prov. v. d31¢ after 4¢ loss prov. Shares: Trading only; Now Philadelphia Stock Exchange.

2N-CI REALTY INV (10/8/6-Equity-Feb FY) NON-QUAL TRUST. Port.: $114M, 8% nonearn, 8% foreclosed; Mix: 86% ownership, 6% mtgs.: 43% apts., 44% NYC office; one bldg. now fully leased. Financing: 1.7 leverage; $74M debt is $58M mtgs. on property, $17M bank credit to 11/30/77 at 130% prime. Results: Aug. Q EPS d13¢ v. d14¢ after 2¢ loss; CFS d2¢ v. 4¢ before loss; FY'78 expected down. Shares: L/T recovery; buyout

3N-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: $13M, 92% non-& low-earning; 92% foreclosed. Mix: 30½% office, 28% 1-family. Financing: 0.5 leverage; $3M debt to parent bank. Results: June Q EPS 4¢; Mar. FY EPS d15¢. Shares: Limited interest

5N-CITIZENS & SO RLTY(10/14/7-ST mtg.-Sep FY) NON-QUAL TRUST. Port.: $284M, 46% non-& 35% low-earn; 36% foreclosed; Mix: 12% condos, 18% land, 26% apts.; 37% Ga., 25% Fla. Financing: $14M neg. equity; $191M bank credit at 1% cash inter. to 9/78, + contin. inter. to 1985. Missed 4/77 deben. int. Plan deb. exch. or cash at 35. Results: June Q EPS $2.20 after $5.60 gain v. $1.06. Bonds: In default; Tender/exchange pending. Shares: Avoid. Trustees set $2/sh. exercise price on wts. to 11/15/77 & 15 mil. new sh. possible; Legal challenge possible.

4N-CITIZENS GROWTH (8/12/4-Equity-Jan FY) NON-QUAL TRUST. Port: $29M, 21% nonearn; 10% foreclosed. Mix: 38% office (now sold to First Union RE), 18% motels, 22% land. Financing: 3.0 leverage; $9M credit exp. 6/76 at 2% with 4% conting. int. & assets pledged; asset swaps. Results: Jan. FY d$3.46; Jan. Q EPS 7¢ after 26¢ gain v. d$2.11 after 87¢ gain & $2.59 loss prov. Shares: Avoid for now

4N-CITIZENS MIT (2/13/6-ST mtg-Dec FY) NON-QUAL TRUST. Port.: $76M, 76% nonearn; 70% foreclosed; Mix: 35% land & devel., 19% condos, 21% apts. Financing: $19M neg. equity; $60M loan expired 10/76; Proposes swapping most assets for bank debt & tender at 40 for notes, now set for early 1978. Results: June Q EPS d66¢ v. d$1.11. Subor. notes: In default & 15% of holders seek acceleration. Shares: High risk re-structuring speculation; Potential dilution.

2N-CLEVETRUST RLTY (2/11/7-LT mtg.-Sep FY) NON-QUAL TRUST. Port.: $105M, 48% non & 19% low earn; 52% foreclosed; Mix: 68% equity incl. foreclosed; 27% apts., 27% comcl., 18% land, 17% office. Financing: 2.6 leverage; $44M two-year credit at prime but not over 7½%; contingent inter. for 4-6 years. Results: June Q EPS d20¢ v. d14¢. Shares: Hold for long-term recovery

5N-COLWELL MTG(2/13/6-ST mtg.-Dec FY) Port.: $154M, 30% non- & 9% low earn, 56% foreclosed & refinanced; 38% apts., 14% hotel/motel, 14% shop. ctrs. Financing: $3M neg. equity; Default on $109M credit; Missed 3/77 deben. inter.; Will ask bondholder OK of pre-planned Ch. XI. Results: June Q EPS d55¢ after 49¢ loss prov. v. nil. Bonds: In default; Ch. XI pending. Shares: Avoid; dilution possible

1 -CONN GEN M&R(7/9/6-LT mtg.-Mar FY) Port.: $314M, 5% nonearn, 8% foreclosed; 37% regional shop. ctrs., 31% residential, 15% indust., 13% office. Financing: 1.9 leverage; $213M debt is 5% comm. paper, 7% ST bank loans, 35% LT loans, 17% mtgs., 36% converts. Results: Sept. Q EPS 39¢ incl. 7¢ gain v. 46¢ incl. 9¢ gain; June CFS 46¢ before gain v. 43¢. Div 40¢ unch. but rise possible. Converts: Low, safe yield. Shares: Buy/hold long term

4 -CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: $128M, 0 nonearning; 80% apts. with 8,712 units, 16% shop. ctrs.; 58% Texas. Financing: 2.4 leverage, $93M secured mtgs. Results: Aug. Q EPS 93¢ after $1.20 gain v. d9¢; May CFS 45¢ v. 29¢. Div. Nov. monthly 17¢ v. 17¢ & about 100% capital gains or taxfree capital return. Shares: Speculative income, over book

3 -CONT ILL PROP (1/16/6-Equity-Oct FY) Port.: $189M, 0.3% foreclosed & nonearn; Mix: 53% apts., 39% shop. ctrs. Sold Calif. S.C. & bought $49M Watergate apts. in Nov. Financing: 0.9 leverage; $29M bank lines and $83M mortgages on property. Results: July Q EPS 9¢ v. 16¢. CFS 30¢ v. 30¢; Div 32¢ unch. Shares: Limited near-term upside; Yield longer term.

3N-CONT ILL RLTY (8/12/7-ST mtg.-Mar FY) CAN END REIT Port.: $242M, 20% low & 53% nonearn; 33% foreclosed; Mix: 23% condos, 18% apts, 24% land. Financing: High leverage; New credit $180M at 1% minimum inter. + contin. inter. @ 130% prime, to 4/30/78; swap program. Results: June Q EPS nil v. d8¢; See breakeven FY'78. Bonds: Tender/swapout speculation. Shares: Long recovery, possible sponsor aid

5N-CONTINENTAL MTG(11/11/4-ST mtg.-Mar FY) NON-QUAL TRUST. No financial statements since Dec'76. Latest data: Port.: $605M, 91% problem. Financing: $72M neg. equity; Total debt $578M; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing 10/22/76. Results: Dec.'76 Q EPS 85¢ after 93¢ loss prov. recovery. Bonds & shares: Avoid, protracted litigation.

4N-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL TRUST. Self-admin. Port.: $209M, 70% nonearn; 46% foreclosed; Mix: 19% apts., 40% land/devel., 17% hotel/motel. Financing: High leverage; $130M credit at 4% inter., plus contingent inter.; Credit matures 12/31/77 and in negotiation. Results: May Q EPS d28¢ after 1¢ gain & 26¢ loss prov. v. d27¢ after 20¢ gain & 56¢ loss prov. Bonds & shares: Trading

3 -DENVER REIA(10/14/7-Equity-Dec FY) Port: $48M, Mix, by revenues: 15% apts., 22% shop. ctrs., 14% motel, 44% off. & comm., 5% mtgs.; all Colo. Financing: 4.3 leverage; $31M property mortgages, $5M debentures. Results: June Q EPS d7¢ v. d9¢; CFS 10¢ v. nil. Sep. div. 15¢ unch.; '76 div 35% tax-free. Shares: Hold for income

4N-DIVERSIFD MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL TRUST. Self-adm. Port: $248M, 69% nonearn, 27% foreclosed; Mix: 42% secondary homesites, 7% primary homesites, 22% raw land, 20% LT mtgs. Financing: 3.3 leverage; $138M credit to 3/80 at 7½% + contingent int.; $37M Oct. swap cut debt. Results: Sep. Q EPS d16¢ after 72¢ gain v. 17¢ after 69¢ gain. Shares: Long term recovery speculation; Insider buying

5N-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL TRUST. Port: $38M, 48% non- & 42% low earn, 82% foreclosed; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other. Financing: $6M neg. equity; Total debt $35M; Chapter XI filed 6/28/77; Results: May Q EPS d$4.14 after $2.93 writeoff v. d$1.63 after 25¢ loss prov. & 10¢ gain. Bonds & shares: Avoid

2 -EQUIT LF MTG(7/9/6-LT mtg.-Oct. FY) Port: $390M, 8% nonearning; 35% LT mtgs., 45% ST const. & devel.; Expanding ST; Mix: 31% shop. ctrs., 20% tracts & land. Financing: 2.0 leverage; $254M debt is 53¢ comm. paper, 27% notes, 18% master & other notes, 2% conv.; Sold $15M notes @ 7½-8½%. Results: July Q EPS 60¢ v. 59¢; Oct. Div. 55¢ unchanged. Shares & bonds: Buy for yield plus modest growth

2 -FEDERAL RLTY(4/9/6-Equity-Dec. FY) Self-administered. Port: $27M, No nonearning; Cash flow 20% apartments, 80% shopping centers; Wash., D.C. area. Financing: 1.0 leverage; $13.1M debt, 98% secured mtgs.; Results: Sep. Q EPS 27¢ v. 21¢ year ago; CFS 29¢ v. 23¢ year ago; div. 32¢ v. 31¢. Shares: Buy/hold income and modest growth

4N-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) NON-QUAL TRUST. Port: $135M, 83% nonearn; 51% foreclosed; Mix: 25% land (developed & raw), 33% condos, 14% apts.; 30% Penn., 25% Fla.; Financing: 7.2 leverage, $97M credit to 11/30/78 at 125% prime with 5% cash. Results: Aug. Q EPS d$2.33 v. d$1.55 after 59¢ loss prov. Shares: Speculation on sponsor aid.

5N-FIDELITY MI(No review-ST mtg.-Oct. FY) NON-QUAL TRUST. Self-adm.; Chap. XI Jan. 1975. Port: $163M, 80% nonearn, 59% foreclosed. Mix: 44% commercial, 32% residential, 24% land; 21% Fla., 16% Cal. Financing: $57M Neg. equity; $163M bank debt; Preliminary agreement to repay debt at 60% in 5 yrs. Results: July Q EPS 42¢ after 21¢ tax benefit v. 33¢. Shares: Avoid

4N-FIRST COMMERCE(12/9/4-ST mtg. Dec. FY) CAN END REIT. Port: $35M, 85% non-& low-earn; 67% foreclosed; Mix: 66% land, 8% condos & singles; 58% La., 42% other South. Financing: 1.4 leverage; $20M credit at 117% prime plus ½% of unused to 9/30/77. Results: June Q EPS d32¢ after 2¢ loss & 15¢ loss prov. v. d43¢ after 25¢ loss prov. Shares: Avoid till progress shown

RELATIVE APPEAL RANKINGS - Continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

2 -FIRST CONTNL(2/11/7-ST mtg. Feb FY) Port: $43M, 12% nonearn, 7% foreclosed; Mix: 47% constr. loans, 39% development, 14% land; 86% Tex. Financing: 1.3 leverage; $32M bank lines @ ½% over prime, 10% + 10% balances, to 7/78; must pledge assets equal to debt if demanded. Results: Aug. Q EPS 22¢ v. 22¢; div 22¢ unchanged. Making new commitments. Shares: Speculative income and recovery

4N-FIRST DENVR MI(10/14/4-ST mtg. Sep FY) NON-QUAL TRUST. Port: $109M, 61% nonearn; 45% foreclosed; Mix: 17% land, 16% condos-secondary, 18% condos-primary, 11% motels. Financing: High leverage; assets pledged; $84M credit to 12/31/77, 2% inter. or cash flow + contingent inter. to 125% base rate. Results: June Q EPS d4¢ after 10¢ credit v. d27¢ after 6¢ loss prov. Shares: Trading, recovery speculation.

3 -FIRST FIDELITY(No review-Equity-Nov FY) Port: $31M, E10% nonearning; Mix: 53% shop. ctrs., 33% office. Financing: 2.3 leverage; $20M secured mtgs. Results: Aug. Q EPS 15¢ v. d3¢; CFS 15¢ v. 5¢. Four 7¢ div. in past year. Shares: Speculative recovery/buyout; One group bought 6% & may seek more shares

4N-FIRST MEMPHIS(9/9/4-LT mtg. Nov FY) NON-QUAL TRUST. Port: $73M, 30% non- & 33% low earn; 42% foreclosed; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 13.4 leverage; $52M credit at 6% to 11/30/78, asset swap planned. Results: Aug. Q EPS d19¢ v. d25¢. Shares: Speculative till workout progresses

5N-FIRST MTG IN(6/10/4-ST mtg. Jan FY) NON-QUAL TRUST. Self-admin. Port: $442M, 44% non-& 34% low-earn; 60% foreclosed; Mix: 34% hotel/motel, 22% apts., 16% land, 10% condos; Financing: $54M Neg. equity; $244M credit; Most 8¼s due 7/77 exch. by 11/4 exp. Results: July Q EPS 17¢ after 33¢ gain v. $1.30 after $1.44 gain & 7¢ loss prov. No auditor's opinion 1/77. Bonds: For asset swaps. Shares: Avoid

3N-FIRST NEWPORT RL (2/13/6-Inter. mtg.-Oct FY) CAN END REIT. Self-admin. Port.: $133M, 46% non- & 23% low earn; 45% foreclosed; Mix: 32% condos, 21% apts. Financing: 8.3 leverage; $124M credit at 1% minimum inter., to 11/78, with conting. inter. Results: July Q EPS $1.16 after $3.91 gain & $2.55 loss prov. v. $3.30 after $4.89 swap gain & $1.54 loss prov. Bonds: Hold. Shares: Longer term recovery speculation.

3N-FIRST PENN MT(10/14/4-ST mtg. Jul FY) NON-QUAL TRUST. Port: $174M, 81% nonearn, 63% foreclosed; Mix: 26% condos, 32% comcl. & indust., 14% apts., 18% land; 24% Fla. Financing: 7.7 leverage, Interim accord $118M credit to 11/30/77 at 3% min. cash + accrual at prime. Nego. new credit. Results: July Q EPS d$2.28 after $1.52 loss prov. v. d$1.37. Converts: Speculative yield. Shares: Trading

2 -FIRST UNION(4/22/7-Equity Oct FY) Port: $167M, 10% low earning; Mix: 70% major office, 25% shop. ctrs.; Bought $9M offices; internally managed. Financing: 2.6 leverage; $124M debt: 77% secured mtg., 11% short, 12% conv.; Sold $10M preferred + $25M debt. Results: July Q EPS 21¢ v. 24¢; CFS 34¢ v. 35¢; Div. 25¢ unch. Shares & Bonds: Buy for quality income. Warrants expire 12/77.

↑ 3N-FIRST VIRGINIA(8/12/4-Inter. mtg.-Jun FY) NON-QUAL TRUST. Self-admin. Port: $83M, 46% non- & 5% low-earn; 52% foreclosed. Mix: (Foreclosures) 31% condos, 23% land; 37% Va., 34% Fla. Financing: High lev.; $47M credit to 12/79 at 4% + accrual 125% prime; Debt restructured. Pledged assets. Results: June Q EPS $1.54 after debt restr. gain v. d69¢. Bonds: Hold. Shares: Risky recovery.

4N-FIRST WISCONSIN MT(No review-ST mtg.-Dec FY) NON-QUAL TRUST. Port: $156M, 57% non-& 38% low-earn, 74% foreclosed; Mix: 24% condos, 33% apts., 26% land; 43% southeast, 29% midwest; Financing: 11.3 leverage, $113M bank debt @ 1% to 5/80. Results: June Q EPS nil after 34¢ tax credit & 38¢ swap gain v. nil. Will offer banks new class of shares in lieu of contingent interest. Shares: Long recovery, some dilution

2N-FLATLEY RLTY(11/26/6-Eq&Mtg.-June FY) Self-admin. Port: $20M, 41% nonearn; 41% foreclosed; Mix: 39% apts., 51% shop. ctrs.; 94% Mass. Holdings: 94% equity, 6% loans. Financing: 2.0 leverage, $14M debt is 86% secured mtgs. Results: June Q EPS 4¢ v. d3¢. Shares: Buy pending workout progress, recovery toward book value possible

2 -FLORIDA GULF(5/14/6-Equity-Apr FY) Port: $32M, 47,000 sf vacancy left from Grant liquidation; Mix: 93% shop. ctrs. (strip), 7% offices; 92% Florida. Financing: 1.2 leverage; $17M secured mtgs., $0.2M bank debt. Results: July Q EPS 15¢ v. 13¢ in '76; CFS 35¢ v. 35¢ in Apr. Q; div. 32¢ unch., 55% tax-free; 68% of Grant rents replaced. Shares: Buy for yield; limited growth

3N-FRANKLIN RLTY(12/10/6-Eq&Mtg.-Jun FY) NON-QUAL TRUST, mgmt. services. Port: $35M, vacancies falling; Mix: 86% equity, 14% mtgs. Equities: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 3.8 leverage; $28M debt: 59% secured, 23% short, 18% conv. Results: June Q EPS 8¢ v. d10¢. June FY d28¢. Converts: Hold. Shares: Hold for earnings improvement.

↑ 2 -FRASER MTG(11/26/6-ST mtg.-May FY) Port: $49M, 12% problems; Mix: 10% constr., 12% land, 25% completed projects, 41% long-term; 11% foreclosures; 31% Ohio, 25% Fla. Financing: 2.1 leverage; $36M debt short term; Results: Aug. Q EPS 25¢ v. 25¢; div. 25¢ unch. Making new investments. Shares: Hold for recovery

2 -GENERAL GROW(5/14/6-Equity-Sep FY) Port: $275M, 0 problems; Mix: 74% shop. ctrs. (major Midwestern malls), 18% apts., 8% motels; Financing: 5.7 leverage; $228M debt: 88% secured mtgs.; Sold $25M 9-1/8% 20-yr notes 4/77. Results: Sep. Q EPS 42¢ incl. 1¢ gain v. 29¢; June CFS 36¢ v. 36¢ before 5¢ gain; Sep. Div. 37¢ v. 35¢, up 6%, over 50% tax-free. Shares: Buy on dips, unique devel. ability

3 -GOULD INVST(3/10/5-Equity-Sep FY) Port: $39M, 3% nonearning; Holdings: 83% equity. Properties: NYC office (19% of port.), 6 apts., 13 strip shop. ctrs., 8 restaurants, 5 offices. Financing: 3.8 leverage; 86% secured mtgs. Results: June Q CFS 22¢ v. 10¢ before 18¢ gain; EPS 12¢ v. 12¢ before 18¢ gain. Est. '77 FY EPS 75¢ after 26¢ gain. Sep. Div. 15¢ v. 12½¢, up 20%. Shares: Speculative income hold

3 -GREIT RLTY(8/8/5-Equity-Oct FY) Port: $37M, 2% nonearning; Mix: 60% shop. ctrs., 30% offices & urban stores, 8% apts., 2% mtgs. Financing: 2.3 leverage; $25M debt, all secured mtgs. Results: July Q EPS 21¢ v. 11¢; Apr. CFS 21¢ v. 25¢; Jan. div. 10¢ unch.; Est. near 58¢ EPS in 1977 FY. Shares: Speculative income, recovery.

5N-GRT AMER M&I(3/11/4-ST mtg- Jul FY) NON-QUAL TRUST. Self-adm. Port: $335M, 95% nonearning; Mix: 82% foreclosed. 41% apts., 15% condos, 20% land. Financing: Total debt $320M; $56M neg. equity; Filed Chap. XI 3/77; SEC seeks Ch. X status; Proposed plan: secure assets for sr. creditors + equity for cash int.; deben. exch.;Results: July Q EPS d71¢ after 1¢ loss & 50¢ loss prov. v. d29¢ after 10¢ gain. July FY d76¢. Shares: Avoid Bonds: Avoid

5N-GUARDIAN MI(3/12/6-ST mtg.-Feb FY) NON-QUAL TRUST. Self-admin. Port.: $267M, 71% nonearn, 41% foreclosed; Mix: 38% land, 20% condos, 14% hotel/motel. Financing: $34M Neg. equity; $232M bank credit repayment missed & to propose restructure plan Nov. 30. Results: Aug. Q EPS d87¢ after 91¢ loss prov. & 34¢ gain v. 31¢. Bonds: June 1 inter. default; Exchange candidate. Shares: Avoid

3N-GMR PROP (formerly GULF) (2/13/6-LT mtg.-Feb FY) NON-QUAL TRUST. Port.: $101M, 34% non- & 32% low earn; 55% foreclosed; Mix: 26% apts., 23% land, 17% motels, 76% Southeast. Financing: 9.5 leverage; $52M credit to 7/17/78 at 4%; + conting. inter. to 125% prime for 5 yrs. Results: Aug. Q EPS d18¢ after 10¢ gain & no loss prov. v. d48¢ after 23¢ loss prov. Bonds: Hold for now. Shares: Recovery speculation.

2N-HAMILTON INV(11/12/3-ST mtg.-Dec FY) NON-QUAL TRUST. Self-adm. Port: $86M, 29% non- & 10% low earn, 33% foreclosed; Mix: 54% apts., 15% offices, 12% land; 30% Okla., 15% Fla. Financing: 4.6 leverage; $54M credit to 6/78 @ 3½% or net w/contingent inter. to 130% prime, forgiven 8/86. Swaps cutting debt fast. Results: Sep. Q EPS 20¢ after 57¢ gain & 21¢ loss prov. v. d21¢. Shares: Recovery spec. on debt cuts

2N-HANOVER SQ RL(12/10/6-ST mtg.-Aug FY) Port.: $36M, 21% nonearn, 27% low-earn; 31% foreclosed; Mix: 73% residential, 13% shop. ctrs., 5% offices, 9% land; 29% NY, 18% Fla.; Making new commitments. Financing: 2.2 leverage, $30M credit @ 124% prime. Results: May Q EPS d13¢ v. 2¢ after 22¢ int. recovery. Converts: Speculative income buy. Shares: Buy/hold for recovery

3N-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: $153M, 49% non-& 15% low-earn; 15% foreclosed; Mix: 26% shop. ctrs., 23% condos, 18% offices, 12% land; 27% Ill., 13% other Midwest, 20% Cal. Financing: 12.3 leverage; $105M credit to 4/78 @ 4% w/conting. interest; $50M swap. Results: June Q EPS d11¢ after 9¢ loss prov. v. d1¢ after 3¢ loss prov. Converts: High risk hold. Shares: Recovery speculation.

RELATIVE APPEAL RANKINGS - Continued from page 5

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

2 -HOSPITAL MTG(10/8/6-LT mtg.-Feb FY) Port.: $38M, 42% nonearn; 5% foreclosed; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Purchased $4M apt. leasehold. Financing: 0.5 leverage; $9M bank debt; $3M mtg. Results: Aug. Q EPS 15¢ v. 11¢; Div 15¢ unch. Shares: Trading, long recovery

3 -HOTEL INVESTOR(2/25/7-Eq&Mtg.-Aug FY) Self-adm. Port.: $82M, 8% nonearn; 4% foreclosed; 53% equity/47% LT mtgs.; Mix: All hotels/motels most national franchises; comcl. business travel oriented. Financing: 2.0 leverage; $55M debt: 31% secured mtg., 40% long-term; $18M credit to 12/31/80 at 125% prime. Results: Aug. Q EPS 28¢ after 25¢ gain & 26¢ chg.for debt refin. v. 32¢; May CFS 45¢ v. 44¢; div. 42¢ v. 40¢. Shares & Bonds: Buy/hold income

2 -HUBBARD REI(4/9/6-Equity-Oct FY) Port.: $84M, E5% nonearning due to Grant vacancies. Mix: All shopping centers & food stores except one office; Net lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: July Q EPS 36¢ v. 35¢; Div. 31¢ v. 30¢; 8½ of 10 Grant stores now re-leased, 1½ still vacant. Shares: Buy for dividend increase prospects

2N-ICM REALTY(6/25/6-Subor. land-Nov FY) Port.: $104M, 58% non-& low-earn; 37% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 39% land purch.-leasebacks; Financing: 1.1 leverage; $46M debt: 54% secured mtgs., $22M credit to 2/79 at 120% prime + 15% bal. Results: Aug. Q EPS 15¢ v. 10¢ after 1¢ loss. Shares: Speculation long term recovery, poss. div. resumption

4N-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) NON-QUAL TRUST. Port.: $213M, 72% nonearn; 34% foreclosed; Mix: 33% shop. ctrs., 28% land, Financing: $43M Neg. equity; Sponsor loaned $25M to settle $68M bank debt at 20% discount. Results: July Q EPS 48¢ after 16¢ gain & $1.32 recovery v. d14¢ after 42¢ loss prov. credit. Bonds: Sponsor's $34M to buy 80% of $42M deben. Shares: High risk speculation; positive equity possible

5N-INDEPENDENCE MTG(No review-ST mtg.-Jun FY) NON-QUAL TRUST. Port.: $138M, 92% nonearn; 64% foreclosed; Mix: 23% condos; 26% development; 16% Fla., 12% Texas, 14% Va., 13% Ill., 9% Ga. Financing: $10M neg. equity; $89M credit at 1% w/conting. int. & 110% collateral, to 6/1/79. Results: June Q EPS 10¢ after 25¢ gain & 19¢ loss prov. credit v. d8¢ after 31¢ loss prov. credit. Shares: Avoid

2N-INDIANA M&R(7/15/4-Eq&Mtg.-Jun FY) Port.: $75M, 34% non-earn; 16% foreclosed; Mix of $33M Mtgs: 57% land, 17% apts. & condos; of $32M equities & foreclosures: 34% offices, 34% apts., 34% shop. ctrs. Financing: 5.9 leverage; $58M debt; $43M credit to 9/78 @ 6% + 120% prime contingent interest. Results: Sep. Q EPS nil v. d48¢ after 23¢ loss prov.; June CFS d45¢ v. 5¢. Shares: Hold for improvement

4N-INSTITUT INV(1/13/6-ST mtg.-Jan FY) NON-QUAL TRUST. Self-admin. Port.: $148M, 50% nonearn; 33% low; 47% foreclosed. Mix: 23% apts., 17% condos, 38% land; 21% Fla., 9% Cal., 8% Tex. Financing: 3.7 leverage; $53M credit to 5/78 @ 1% w/conting. inter.; Results: July Q EPS d41¢ after 5¢ gain & 16¢ loss prov. v. d36¢. Bonds: Trading & speculative income. Shares: Trading; Insiders buying

↑ 2 -INVESTOR RLTY(4/8/7-Eq&Mtg.-Nov FY) CAN END REIT. Port.: $57M, 32% non-earn. Mix: 54% apts., 15% shop. ctrs.; type: 86% owned incl. foreclosures & leasebacks. Financing: 2.6 leverage; $42M debt, 73% secured; $17M credit to 3/78. Results: Aug. Q EPS d14¢ v. d1¢. CFS nil v. 14¢. $10M apt. sale in Sept. 25¢ gain, others pending. Q div resumed 12½¢ Nov. New sponsor. Shares: Long-term recovery

2 -JMB REALTY (4/8/7-Eq&Mtg.-Aug. FY) Port: $25M, 2% nonearn; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 17% land leasebacks; Financing: 1.5 leverage; $4M open lines from bank; Results: May Q EPS 47¢ v. 45¢; CFS 52¢ v. 51¢; Div. 40¢ unchanged plus 10¢ year-end special. Shares: Hold for speculative yield and extra dividend

5N-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) NON-QUAL TRUST. Port.: $48M, 100% nonearn; 43% foreclosed; Mix: 31% land, 19% condos; 55% Texas. Financing: High leverage; $41M credit to 4/77 @ 2% + contingent inter.; assets pledged, & being swapped. 2/1 sub. debt inter. missed & 25% of holders called debt. Results: June Q EPS $1.08 after $1.62 gain v. $2.63 after $4.06 gain. Bonds: Avoid; in default & called. Shares: Avoid

↑ 3N-KMC MTG INV (5/14/3-ST mtg.-Nov FY) CAN END REIT. Port.: $29M, 42% non- & 20% low earn; 37% foreclosed; Mix: 23% apts., 25% land & develop.; 17% condo; 54% Kentucky. Financing: 9.0 leverage; $18.5M credit to 5/1/78 at prime, 3% cash, balance deferred; Results: May Q EPS d12¢ v. d21¢. Shares: Situation believed improving; Private investor bought 9% of shares.

↑ 4N-LMI INVESTORS (2/13/6-ST mtg.-June FY) NON-QUAL TRUST. Port.: $235M, 42% non- & 50% low-earn; 54% foreclosed. Mix: 37% apts., 13% condos, 16% shop. ctrs., 11% land. 28% Texas. Financing: High lev.; $89M credit 12/81 w/inter. accrued at prime payable at 2% or cash flow; pledging assets. Results: June FY $3.79 after $6.53 gain; June Q EPS 64¢ v. d32¢. Bonds: Risky yield. Shares: Recovery speculation

4N-LINCOLN MTG (12/10/3-Eq&mtg.-Mar FY) NON-QUAL TRUST. Self-admin. Port.: $29M, 77% non & low earn; 68% foreclosed; Mix: 70% apts, Financing: High leverage; $11.7M credit with banks ½% over prime, requiring asset sale over several years. Results: June Q EPS d29¢ v. d57¢. Bonds & shares: Avoid

2 -LOMAS & NETTLETON MTG (2/11/7-ST mtg.-June FY) Port.: $229M, 24% nonearn; 24% foreclosed; Making new loans; Mix: 28% land acq. & devel., 45% Texas. Financing: 1.3 leverage; Borrows short & L/T from banks; $35M term notes to 6/80 at 110% prime. Results: Sep. Q EPS 40¢ v. 35¢; Div. 40¢ v. 35¢; partly tax free. Shares: Longer term recovery potential

3 -M&T MTG INV (2/11/7-ST mtg.-Aug FY) Port.: $44M, 2% nonearn; 2% foreclosed; Making new loans; Mix: 68% const. & devel., 21% 1-family permanent; all Texas. Financing: 1.9 leverage; $29M bank borrowings, all secured; sponsor provides compensating balances; $14.6M unfunded commitments. Results: Aug. Q EPS 27¢ after 6¢ loss prov., unchanged. Div 26¢ unch. + 4¢ yrend. Shares: Buy for stable yield

2N-MARYLAND RLTY (4/8/7-ST mtg.-Nov FY) NON-QUAL TRUST. Port.: $20M, 33% non-& 8% low-earn; 40% foreclosed; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 1.8 leverage; $12.6M credit at prime to 11/77; Assets pledged. Results: Aug. Q EPS 5¢ v. 5¢. Shares: Recovery speculation

↓ 2 -MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: $194M, 12% non- & 5% low-earning; 12% foreclosed; Mix: 37% shop. ctr. & retail, 26% apts.; 78% Long-term mtgs. New commitments. Financing: 1.1 leverage; Small interest rate exposure. $22M master notes; $10M term loan; $71½M subor. convert. debs. Results: July Q EPS 31¢ after 5¢ loss prov. v. 30¢ after 5¢ loss prov.; Div 31¢ v. 30¢. Converts: Safe yield. Shares: Buy/hold

4N-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT. Port.: $52M, E68% non- & low-earning; Mix: 30% apts., 24% condo, 21% land. Financing: High leverage; $80M credit to 9/78 with 3½% cash interest & accrual at 125% of prime; Swapping assets. Results: Sep. Q EPS d24¢ after $1.44 gain & $1.28 loss prov. v. d$1.03 after 77¢ gain & $1.29 loss prov. Bonds: To exch. new 4% debs. plus shares. Shares: Trading interest

2 -MILLER HENRY S (6/10/7-Eq&Mtg.-Feb FY) Port.: $28M, 12% nonearn; 10% foreclosed; Mix: 56% shop. ctrs owned, 23½% land; Mostly Tex. Financing: 2.0 leverage incl. mtgs.; $7.2M bank borrowings under $12.7M credit at 1% over prime, to June 1,'77; $13.3M mtgs. on prop. Results: Aug. Q EPS 15¢ v. 16¢. Div. 15¢ unch. Shares: Buy for long-term recovery

4N-MISSION INV (11/12/3-ST mtg.-Nov FY) CAN END REIT. Self-adm. Port.: $32M, 38% non & 25% low earn; 50% foreclosed; Mix: 35% land & devel., 24% residential, 42% commercial. Financing: 2.1 leverage; $21M credit at prime (max 8½%) to Nov. '79; Assets pledged. Results: Aug. Q EPS d5¢ after 2¢ loss prov. credit v. d9¢ after 5¢ loss prov. recovery Shares: Trading/very long recovery

2 -MONY MTG INV (7/9/6-LT mtg.-May FY) Port.: $199M, 13% non- & 3% low-earn; 3% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 46% LT mtgs.; Making new commitments. Financing: 1.4 leverage; $100M bank lines at prime; $45M comcl. paper; Results: Aug. Q EPS 16¢ v. 24¢ after 3¢ gain; Div. 23¢ unchanged. Convertibles: Safe yield. Shares: Hold for long-term

3 -MORTGAGE GROWTH (10/8/6-LT mtg.-Nov. FY) Port.: $39M, 19% nonearn, 55% low-earn; 19% foreclosed; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.5 leverage; Debt is $8.5M 7-3/4% subor. converts held privately & $4M secured mtgs; Results: Aug. Q EPS 5¢ v. 5¢; Gross cash flow 13¢; div. 12¢ unch. Slightly improving trend FY'77. Shares: Spec. buy/hold for long-term recovery

RELATIVE APPEAL RANKINGS - Continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

3N-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) SEEKS NON-REIT POWER. Port.: $86M, 43% non-& 9% low earn; 33% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo/townhouse; Financing: 5.9 leverage; $53M at 112½% of ¼% over prime, to 9/30/77; Results: June Q EPS 11¢ after 13¢ gain v. d$1.16 after 79¢ loss prov. Bonds: Risky yield. Shares: Trading, recovery potential

3N-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: $123M, 60% non-& 12% low earn; 34% foreclosed; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.6 leverage; $66M credit lines at full-rate interest; Seeking limited amount of new credit. Results: Aug. Q EPS d19¢ v. d17¢. Expect breakeven Nov. Q from interest recovery. Shares: Hold for recovery

5N-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) NON-QUAL TRUST. Port.: $47M, 97% non-& low earn; 53% foreclosed; Mix: 55% land, 13% commercial; Financing: $16T Neg. equity; $29M secured credit; Chapter XI settlement confirmed & deb. holders got cash, new notes & shares. Results: Aug. Q EPS 3¢ after 10¢ gain v. d9¢. Shares: Extreme risk

3 -NATIONWIDE RE (4/22/7-ST mtg.-Mar FY) Port.: $47M, 36% non-earn; 23% foreclosed; Adding new loans. Mix: 21% medical, 16% condos, 11% land; 30% Ohio, 17% Indiana; Financing: 1.0 leverage; Reduced bank lines to $32.6M; Results: June Q EPS 4¢ v. 3¢; Div. 4¢ v. 3¢. Convertibles: High yield. Shares: Speculative long-term recovery

2 -NEW PLAN REALTY (6/10/7-Equity-July FY) Self-admin. Port.: $19M, 0% non-earning; Mix: 71% shop. ctrs. owned, 14% residential. Financing: 2.4 leverage; Debt 79% mtgs. on prop., 19% sub. deben. Results: July Q EPS 24¢ v. 23¢; July FY EPS 95¢. Nov. monthly div unchanged at 8¢. Shares: Buy/hold for income

5N-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL TRUST. Self-admin. Port.: $71M, 71% nonearn; 42% foreclosed; Mix: 43½% motor lodges/restaurants, 27½% condos, 13% apts. Financing: $6M Negative equity; $38M credit expired 4/77; debenture tender expired. Exchange proposed: $20 cash for deb. or $15 + $35 in new conv. deb. Also proposed for bank debt. May seek Ch. XI. Results: Aug. Q EPS 34¢ after 81¢ loss prov recovery v. d21¢. Bonds & Shares: Avoid

2N-NORTH AMER MTG (8/12/7-ST mtg.-Dec FY) Port.: $147M, 50% non- & 42% low-earn; 56% foreclosures; Mix: 48% apts., 25% condos, 8% land & devel. Financing: 2.2 leverage; $56M demand bank notes. Results: Sep. Q EPS d35¢ v. d$1.04 after 68¢ loss prov. Bonds: Hold pending planned exchange offer: $1050 of 10-year at 8½% for $1000 of 5½s '79. Shares: Recovery potential

3N-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) NON-QUAL TRUST. Port.: $45M, 44% nonearn; 44% foreclosed; Mix : 7% apts., 6% office, 7% land, 44% inter-long; 50% N. Caro. Financing: 0.8 leverage; $17M revolving credit at ½% over prime, extended to Aug. 31, '78. Results: June Q EPS nil v. d11¢ after 3¢ loss prov. Shares: Recovery speculation long term

↓2 -NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: $233M, 10% non- & 7% low-earn; 12% foreclosed; Mix: 24% office, 24% shop. ctrs., 12% apts.; 61% permanent mtgs. Financing: 1.6 leverage; $77½M open bank lines; $28M comcl paper. Sold $50M notes @ 8¼% & $25M @ 8 3/4% due 12/82. Results: Sep. Q EPS 30¢ after 15¢ gain & 5¢ loss prov. v. 22¢ after 2¢ loss prov. Div 25¢ unch. but vulnerable. Converts: Safe. Shares: Buy LT

2 -PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Self-adm. Port.: $10M, 33% nonearn & foreclosed; Mix: 61% comcl. loans, 33% foreclosed land & condo; Seeking equity investments. Financing: No borrowings. Results: Sep. Q EPS 16¢ v. 13¢ after 6¢ legal expense. Div. Nov. 15¢ v. 12¢; Legal exp. to cause div. fluctuation over '78-'79 FY. Shares: LT recovery or buyout candidate plus spec. yield

2 -PENNSYLVANIA REIT (5/27/7-Equity-Aug FY) Port.: $73M, 0.3% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, 90% mtgs. on property owned; borrows under $7½M bank lines. Results: May Q EPS 34¢ v. 21¢; CFS 45¢ v. 30¢: Div 57½¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains

5N-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) NON-QUAL TRUST. Self-adm. Port.: $32M, 71% nonearn; 70% foreclosed; Mix: 45% apts., 16% land, 17% shop. ctrs; 50% equity. Financing: 13.9 leverage, incl. $16M mtgs.; $9M credit, to 9/78 at 1% cash, accrued at 125% prime, may drop to 50% if $3M paid down by 9/78. Unable to make 9/30 debt repay. Results: June Q EPS d21¢ v. d19¢. No auditor's opinion '76. Shares: Avoid or trade only

2 -PNB MTG & RLTY (12/10/6-LT mtg.-Sep FY) Port.: $124M, 3% non & 11% low earning; 11% foreclosed; Mix: 38% LT mtgs., 29% property owned; 38% apts., 21% office & indust., 19% condos. Financing: 1.8 leverage; $50M bank lines; $26M comcl paper. Results: Sep. Q EPS 29¢ after 4¢ loss prov. v. 22¢; Sep. FY EPS 77¢. Div. 20¢ v. 18¢. Adding new earning assets. Shares: Long-term recovery, possible further div uptick

2 -PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: $69M, 4% non- & 21% low earn; 21% foreclosed; Mix: 36% apts., 36% office, 15% shop. ctrs.; 48% leasebacks, 31% LT mtgs. Making new investments. Financing: 1.6 leverage; Bank borrowings cut to $16M at ¼% over prime. Results: July FY $1.20; July Q EPS 30¢ vs. 30¢; Div. 30¢ unchanged. Shares: Buy-hold for yield & long term recovery

↑2 -PROPERTY TRUST OF AMER (8/12/7-Eq&Mtg.-Dec FY) Self-adm. Port.: $36M, 25% non-earn; 21% mtgs., 18% foreclosed, 58% acq. property; Mix: 35% apts., 27% office, 17% shop. ctrs.; 81% Texas. Financing: 0.9 leverage, all $16M mtgs. on property. Results: June Q EPS 7¢ after 5¢ cap gain v. 1¢; Sold Houston land for book value; CFS 10¢ after 5¢ gain v. 3¢; Dec. div. 6¢ v. 5¢. Shares: Hold for recovery

2 -RLTY & MTG OF PACIFIC (RAMPAC) (10/14/7-LT mtg.-Nov. FY) Port.: $82M, 6% non- & 15% low-earn; 17% foreclosed; Mix: 68% loans: 23% hotel/motel, 13% office, 16% apts.; 31% equity; 47% Calif., 13% Hawaii. Financing: 1.5 leverage; $23M commercial paper backed by $24M open lines; $8M under $15M term credit to Nov.'77. Results: Aug. Q EPS 32¢ v. 27¢; Div. 28¢ unch. Converts & shares: Hold

3 -REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: $46M, Properties 9% vacant overall; Mix: 42% shop. ctrs., 24% office, 19% indust.; 46% Calif., 13% Mass.; Expanding $11M Sacramento center, substantially leased. Financing: 0.4 leverage, all mtg. debt. Results: Aug. Q EPS 29¢ v. 27¢; Oct. div. 30¢ unchanged. Shares: Hold long term

2 -REALTY INCOME (9/24/6-Eq&Mtg.-Apr FY) Self-adm. Port.: $77M, 23% non- & 21% low-earn; 46% foreclosed; Mix: 19% apts., 31% office. Financing: 3.3 leverage; $14M under $23½M bank lines at prime; $20M term at 1½% over prime to '77-80. Results: July Q EPS 10¢ after 15¢ gain v. d28¢. July div. 35¢ unch., paying cap. gains. Converts: Yield. Shares: Buy/hold LT. European group bought 20% of shares.

3 -REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: $54M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21½% office, 19% industrial. Financing: 1.3 leverage; $17M credit at ½% over prime to 5/78, $15M at 1½% over prime to 7/80; Added $5M new equity from warrants. Results: July Q EPS & div. down 2% to 59¢ on higher inter. Shares: Hold; EPS sensitive to prime; New wts @ 23 issued.

4N-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) NON-QUAL TRUST. Port.: $60M, 63% non-& 17% low-earn; 80% foreclosed. Mix: 28% land acq. & devel., 19% condo, 13% apts.; 62% Florida. Financing: 3.5 leverage; $30M credit to 9/30/77 at 2% cash plus contingent inter., auto. exten. if repayments made. Results: June Q EPS d32¢ v. d20¢ after 15¢ gain. Shares: Trading, speculative recovery

3 -RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: $20M, 11% low & 2% nonearning; 2% foreclosed; Mix: 36% apts., 24% office, 15% motel; 46% D.C. area, 45% Ind. Financing: 2.0 leverage, mainly mtgs. on property; $3.5M open line at 1¾% over prime. Results: June Q EPS 11¢ v. 6¢; CFS 20¢ v. 14¢; Sep. Div. 12½¢ v. 25¢. Shares: Buy/hold more speculative yield

2 -SAN FRANCISCO RE (was US LSG) (8/27/6-Eq&Mtg.-Dec FY) Self-adm. Port.: $55M, 21% nonearn; 13% foreclosed; Mix: 52% office, most bank-occupied; 9% apts. Financing: 0.9 leverage, 94% mtgs. on prop.; Cut bank debt to $1.4M. Results: Sep. Q EPS 10¢ v. 13¢ after 9¢ loss prov. CFS 23¢ v. 24¢; Div 20¢ v. 15¢; Credit restrictions lifted. Seeking new equity investments. Shares: Buy/hold

3N-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: $286M, 14% non- & 38% low-earn; 2% held for sale; Mix: 15% mtgs., 85% props.; Owned prop.: 41% shop. ctrs., 38% apartments; Financing: 7.0 leverage; $125M revolver at 125% of prime to 4/30/79. Results: June Q EPS d30¢ v. d42¢. Bonds & converts: For yield. Shares: Losses narrowing; Speculation on mgmt. ability to restore property income

RELATIVE APPEAL RANKINGS - Continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

3N-SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: $147M, 37% non-earn; 26% foreclosed; Mix: 39% one-family home improvement second mtgs., 45% comcl. mtgs., 16% mtgs. on medical facil; Financing: 2.6 leverage; $55M bank credit at 120% of prime extended to 11/10/77; Results: June Q EPS 6¢ after 13¢ gain v. d3¢. Bonds: Attractive for yield, 7¾s high-yield. Shares: Trading/recovery

3N-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL TRUST. Port.: $60M, 77% non- & low-earn; Mix: 8% condos, 37% apts.; 14% land. Financing: 1.5 leverage pro-forma; Sponsor bought $50M assets reducing sr. debt to $20M. Results: June Q EPS d16¢ v. d$1.02 after 51¢ loss prov. Tender expired: 74% of 9% notes took 72½% in cash; 58% of 6 3/4s took 50% cash. Bonds: Hold. Shares: Interesting speculation

3N-SUMMIT PROP (6/25/6-Equity-Oct FY) NON-QUAL TRUST. Port.: $48M, 6% non- & low earn; Mix: 46% shop. ctrs; negotiations complete on 63% of former Grant space; Financing: 3.4 leverage; $4M secured bank debt extended to 5/79 @ 2% over prime. Results: July Q EPS d3¢ after 5¢ cap. gain v. d7¢ after 3¢ cap. gain; CFS 10¢ + 5¢ gain v. d5¢ before cap. gain. Shares: Hold for long-term recovery

2 -SUTRO MTG INV (10/8/6-ST mtg.-Mar FY) Port.: $62M, 20% non- & 21% low-earn; 34% foreclosed; Mix: 23% apts., 29% hotel/motel, 17% indust.; Financing: 0.6 leverage; New $38M credit at .375 over prime to 12/31/78 + 10% + 10%; Results: Sep. Q EPS 32¢ after 12¢ recovery & 12¢ gain v. 19¢ after 15¢ gain. New commitments. Div. 20¢ v. 12½¢. Converts: Safe yield. Shares: Buy L/T recovery

5N-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: $10M, 100% non-earning; 26% foreclosed; Mix: All condos & houses, 97% Puerto Rico; Financing: $1M Neg. equity; Assets pledged; Swapped many assets and cut debt to $5.3M; Results: June Q EPS 1¢ v. 95¢. Shares: Avoid; essentially in liquidation; May merge into sponsor or other corporation.

4N-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL TRUST. Self-adm. Port.: $26M, 73% nonearn; 46% foreclosed; Mix: 37% land, 9% office, 11% sing. fam. land; Financing: 1.5 leverage; $13M bank credit at prime to 3/78, max. 8%, 3% pay in cash; assets pledged; Results: June Q EPS d28¢ after 23¢ loss prov. v. 17¢ after 20¢ swap gain. Discussing merger. Shares: Speculation on Texas land recovery

4N-TIERCO (No review-ST mtg.-Dec FY) NON-QUAL TRUST. Self-adm. Port.: $55M, 73% non- & low-earn; 60% foreclosed; Mix: 46% apts., 14% undevel. land; heavy Okla.; Financing: 8.7 leverage; $32M credit at 5% minimum inter. plus deferrals, to 6/78; asset swaps. Results: Sep. Q EPS 98¢ after $1.07 gain v. 68¢ after 26¢ gain & 67¢ loss prov. credit. Shares: Speculative recovery

4N-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL TRUST. Port.: $130M, E84% nonearning; 71% foreclosed; Mix: 29% land & devel.; 26% GA, 19% Tex., 23% Fla.; Financing: 12.3 leverage; $55M credit at 4% cash inter.; Defaulted on June 30 repayment. New agreement tied to exch. offer. Results: Sep. Q EPS d65¢ v. 69¢ after $1.21 credit. Bonds: In default; Plan exch. of new convt. @ 65% of par for 7 3/4s & 50% of par for 7s. Shares: Avoid

↑2N-UMET TRUST (11/12/3-ST mtg.-Nov FY) NON-QUAL TRUST. Self-adm. Port.: $145M, 25% nonearn; 51% foreclosed; Mix: 21% condos, 22% apts., 18% shop. ctrs., 19% office; Financing: High leverage; $89M credit to 8/79 at 6% + contingent int.; Results: Aug. Q EPS d37¢ after 13¢ gain v. d83¢ after 25¢ loss prov. Shares: Speculative, some prop. recovering & being sold; $2-$4/sh. interest recapture possible

2 -UNITED REALTY (9/24/6-LT mtg.-Nov FY) Port.: $79M, 38% non- & 4% low-earn; 32% foreclosed; Mix: 22% GNMAs (pledged), 25% office, 18% apts.; Financing: 0.2 leverage; Pledged GNMAs to repay banks $10M; Results: Aug. Q EPS 20¢ after 4¢ loss prov. v. 19¢ after 2¢ loss prov.; Div. 20¢ v. 19¢. Made 2 new loans. Shares: Buy for benefits from gradual problem loan solution

2N-US BANCORP TRUST (2/25/7-Eq&Mtg.-May FY) Port.: $66M, 19% nonearn & 13% low; 20% foreclosed; Mix: 54% prop. owned or under construction, most indust., rest office; Financing: 2.8 leverage; $25M credit to 2/18/79 at 120% prime; Results: Aug. Q EPS 4¢ after 6¢ loss prov. recovery v. 19¢ after 23¢ loss prov. recovery; CFS 23¢ after 6¢ gain v. 28¢. Converts: Low but safe yield. Shares: LT recovery, good equity base

↑2N-US REALTY INV (10/8/6-Eq&Mtg.-Dec FY) NON-QUAL TRUST. Port.: $101M, 16% nonearn & 17% low; Mix: 44% mtgs., 56% owned property, Financing: 6.7 leverage; $36M at 125% of prime payable at 5 3/4% or cash flow; Results: June Q EPS 4¢ after 10¢ gain v. d12¢; CFS 16¢ after 10¢ gain v. 1¢. Converts: OK for risk income. Shares: Long-term recovery; leverage high

2 -VIRGINIA RE (12/10/6-Eq&Mtg.-Dec FY) Self-adm. Port.: $38M, 17% foreclosed & nonearning; Mix: 92% property, 8% mtgs.; Financing: 2.0 leverage, 75% mtgs. on property; $7M bank term loan at 3% over prime extended to Mar. 31,'81; assets pledged. Results: Sep. Q EPS 11¢ v. 9¢; June CFS 11¢ v. 15¢; Dec. div. 10¢ unch. Shares: Long term recovery

3N-WACHOVIA REALTY (8/12/7-ST mtg.-Aug FY) Port.: $115M, 75% nonearn; 42% foreclosed; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.9 leverage; $66M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: Aug. Q EPS d18¢ after 18¢ loss prov. & 19¢ gain v. d24¢ after 13¢ loss prov.; Aug. FY d$1.05. Shares: Long term recovery

3N-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL TRUST. Port.: $43M, 56% nonearn; 30% foreclosed; 58% equity. Mix: 22% indust., 16% offices; 12% land; 47% Fla. Sold 5 prop. for $9M. Financing: 3.3 leverage; $13M credit to 10/78 @ 117% prime; Results: July Q EPS d$1.70 v. d31¢ after 12¢ loss prov.; July FY d$3.57 after $2.70 loss prov. Shares: Long recovery and benefits of property sales.

2 -WASHINGTON REIT (5/27/7-Equity-Dec FY) Port.: $31M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 57% high-rise apts., 20% shop. ctrs., 23% distrib.-office. Bought $1.5M shop. ctr. in Sept. Financing: 0.7 leverage, 97% mtg. debt; 1% bank debt. Results: June Q EPS 40¢ before $1.08 gain on exchange v. 38¢; CFS 47¢ before gain v. 44¢; Sep. div 44¢ unch. Shares: Hold for income, top quality assets

2 -WELLS FARGO M&E (12/10/6-ST mtg.-June FY) Port.: $196M, 9% non- & 23% low-earn; 15% foreclosed; Mix: 39% apts., 16% development, 7% condo. Financing: 2.0 leverage; Borrows under $171½M open lines backing $128M commercial paper; New commitments. Results: Sep. Q EPS 31¢ after 10¢ gain v. 28¢ after 3¢ gain; div. 30¢ v. 27¢. Shares: Buy/hold for recovery

3N-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: $18M, 25% non- & 11% low-earn; 21% foreclosed; Mix: 22% land acq. & devel., 25% apts., 15% one-family; Sold $4M office. Making new commitments. Financing: 2.0 leverage; $9M revolver at ¼% over prime, plus $2½M from banks payable over 2½ yrs. Results: Aug. Q EPS 82¢ after 84¢ gain v. nil. Shares: Trading

↑2N-WESTPORT CO.(was HNC)(10/14/7-LT mtg.-Oct FY) NON-QUAL TRUST. Self-adm. Port.: $983M, 68% nonearn; 46% fore. Mix: 20% condos, 18% land, 11% apts., 13% offices, 11% hotels; Financing: 6.4 leverage, $60M credit to 8/79 at 2½-5% with 8% contingent inter. Swapping assets to pay banks. Results: July Q EPS 9¢ after 24¢ swap gain v. 8¢ after 71¢ gain & 46¢ loss prov. New control. Converts: Possible tender. Shares: High risk

2N-WISCONSIN REIT (No review-Equity-Dec FY) NON-QUAL TRUST. Self-adm. Port.: $34M, 9% nonearning; Mix: 80% property, 9% foreclosed, 11% mtgs. Financing: 3.1 leverage, $21M mtg. debt; $3M short term. Results: June Q EPS d6¢ before 4¢ gain v. d19¢ before 80¢ gain; CFS d1¢ + gain v. d13¢ + gain. Sale agree on $11M prop. Shares: Speculation on improving trend; Group bought 8.4% of shares

REIT STATUS is shown to indicate whether an entity intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL TRUST, when trustees have ended qualification and the entity operates as a business trust taxed as a corporation. Trustees of these entities generally have made no decision on whether to requalify and investors should not assume they will requalify and pay dividends even if profits are restored. The 1976 Tax Reform Act imposed some restrictions to requalification.